



State of Arizona

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## **Governor Jan Brewer Releases FY2010 Balanced Budget Proposal**

### ***Cites \$4 Billion Budget Deficit for FY10 and Urgency to Act***

PHOENIX –Governor Jan Brewer today released details of her FY 2010 budget proposal, including the details of her long-term, sustainable, 5-point plan. Citing current assessments that show the state's FY 2010 General Fund budget deficit to be growing and reaching upwards of \$4 billion, coupled with the June 30<sup>th</sup> constitutionally mandated deadline for a balanced budget, Governor Brewer today renewed her call for a truly balanced budget.

"Arizona's growing fiscal crisis stands to inflict a devastating impact on our state," Governor Brewer stated. "We have a non-negotiable duty to adopt a budget that simultaneously addresses our current fiscal situation, our future economy, based on realistic projections, the immediate needs of our least fortunate adults and children during this grave economic time, and our stewardship role on behalf of future generations of Arizonans."

"In meeting those standards, the 5-point plan that I shared with the Legislature on March 4, 2009 provides an even clearer path today."

The Governor's 5 Point long-term recovery plan calls for the following:

#### **1) Structural Budget Reform**

Reforming the State's budget process must encompass (a) changes to the Budget Stabilization Fund (or "Rainy Day Fund"), (b) extending revenue forecasts beyond the current budget cycle, (c) increasing fiscal year ending cash balances, and (d) reducing the rate of spending growth.

**2) Improve Proposition 105 – The Voter Protection Act**

The Governor proposes that the Legislature send to the voters in the November 2010 election a referendum to require that any initiative or referendum measure that passed between 1998 and 2004 and that enacted a mandatory expenditure of State revenues for any purpose, established a fund for any specific purpose, or allocated funding for any specific purpose, would be subject to a vote of the people to ensure that the measure provided for an increased source of revenues – independent of, and with no detrimental impact on – the General Fund.

**3) Spending Cuts -**

The Governor's FY 2010 budget recommendation cuts State spending by an additional \$600 million (approximately \$1 billion in total State spending reductions - \$400 million for FY 2009 and \$600 million for FY 2010), while protecting critical funding to education, health care, and public safety.

**4) Temporary Tax Increase –**

Governor Brewer's plan calls for a temporary tax increase of one percent for 36 months in the State's current transaction privilege tax (sales tax). This proposal would not expand the current sales tax to service industries.

"Unfortunately, after considering every option, and after performing a painstaking assessment of our real economic situation, a temporary tax increase is necessary to bridge the gap between fiscal crisis and recovery," Governor Brewer stated.

**5) Tax Reductions for Economic Growth -**

The Governor's budget plan calls for a state tax structure that promotes job growth and sustainability, capital formation, investment in Arizona, and revenue stability. The first step in providing tax relief to Arizona homeowners and businesses is the phased repeal of the State equalization tax, with permanent repeal occurring proportionately over a three-year period beginning in FY 2010.

A copy of Governor Brewer's budget proposal and details can be found on the Governor's website [azgovernor.gov](http://azgovernor.gov), under ***Building a Better Arizona, FY2010 BUDGET***.

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